



ENERGY SITUATION ANALYSIS REPORT



May 2, 2002

(next scheduled update: May 3, 2002)

Energy Information Administration
US Department of Energy
Washington, DC 20585
(202) 586-8800

Petroleum Natural Gas Coal Electricity

Latest Energy Market Developments

(updated May 2, 2002)

West Texas Intermediate (WTI) oil prices for June (near-month) delivery fell 54 cents per barrel Wednesday on the NYMEX, to close at \$26.75 per barrel. Prices have continued to fall in early trading on Thursday. Oil prices fell following the release of weekly industry data by the American Petroleum Institute (API) and the Energy Information Administration (EIA) showing a large and unexpected increase in crude oil stocks. Analysts had expected a crude oil stock draw following troubles in Venezuela last month, as well as production cutbacks by OPEC and Iraq's continuing oil embargo. Confirmation late Wednesday that Israeli troops had withdrawn from the West Bank city of Ramallah, ending their encirclement of Yasser Arafat's compound, also has contributed to today's price drop, as the market responds to the reduction in immediate Arab-Israeli tensions. Overall, oil prices still remain relatively strong due to OPEC oil output cuts, Middle Eastern tensions, and a recovering U.S. economy.

Other topics affecting **world oil markets** include:

- OPEC President Rilwanu Lukman said Thursday that it was still too early to tell whether an increase in OPEC production quotas would be necessary at OPEC's next ministerial meeting at the end of June.
- U.S. Secretary of Energy Spencer Abraham said on Wednesday that the U.S. government was "very concerned" about possible energy supply disruptions amid instability in the Middle East. Secretary Abraham spoke ahead of a two-day meeting of energy ministers from the Group of Eight industrialized countries, which began today in Detroit.
- Iraq's unilateral 30-day embargo of its U.N.-sanctioned "Oil-for-Food" oil exports is in its fourth week. Iraq has stated intentions to decide at the beginning of next week whether to extend the embargo beyond 30 days.

Other recent developments in **U.S. energy markets** include:

- As of May 2, the [U.S. Strategic Petroleum Reserve](#) (SPR) contained 566.2 million barrels of oil. The SPR has a maximum drawdown capability of 4.18 million barrels per day for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown.
- Spot prices for natural gas moved up for a third consecutive day as most market locations recorded gains of 3 to 15 cents per MMBtu. At the Henry Hub, the average spot price gained \$0.14 per MMBtu to \$3.79 per MMBtu.
- Western U.S. wholesale electricity prices increased Wednesday as available generating capacity decreased and natural gas prices increased. Spot electricity prices across the northeastern U.S. were mostly higher as natural gas prices rose and utility heating demand increased as cooler weather set in across the region.
- U.S. coal supplies are more than adequate for anticipated needs. U.S. spot coal prices have been relatively steady since February 2002.

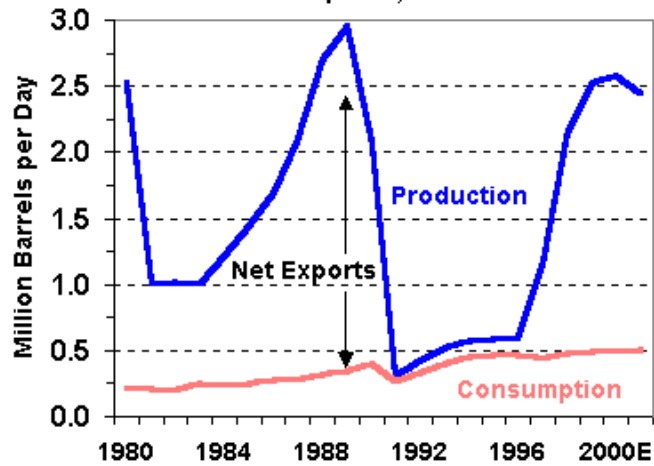
Special Topic -- Basic Facts on [Iraq](#)

(updated April 30, 2002)

While Iraq's weekly export levels fluctuate, the country remains an important world oil player, with U.N. "Oil-for-Food" exports from January 1, 2002 through April 8, 2002 averaging 1.7 million barrels per day. "Oil-for-Food" exports ceased on April 8, when the country declared an embargo. The United States is the largest single market for Iraqi oil, with almost half of Iraqi oil exports bound for the United States in 2001. Imports from Iraq accounted for an average 8% of total U.S. imports in 2001. In 2001, Iraq was the sixth-largest source of U.S. crude oil imports, behind Saudi Arabia, Mexico, Canada, Venezuela, and Nigeria.

The current phase of the "Oil-for-Food" program expires at the end of May 2002. Temporary downturns in Iraqi exports in association with program rollovers are common.

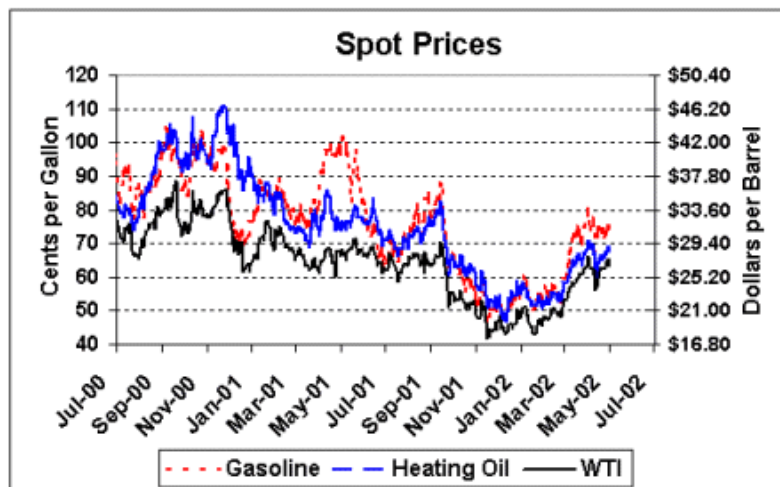
Iraq's Oil Production and Consumption, 1980-2001E



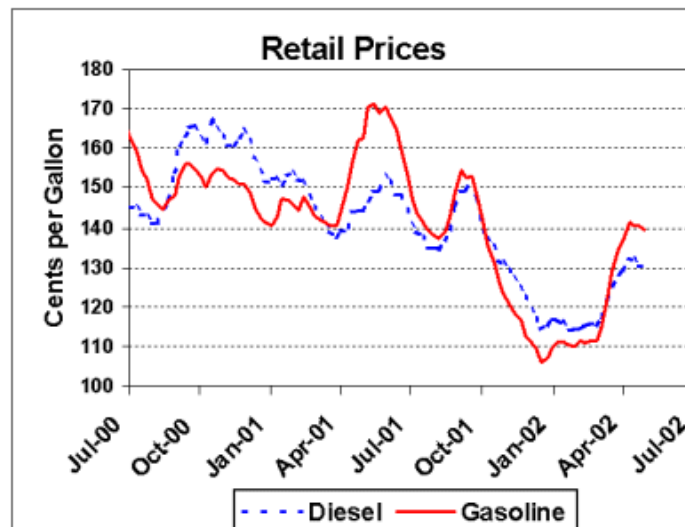
Note: Production includes crude oil, lease condensate, natural gas liquids, ethanol, and refinery gain.

U.S. Petroleum Prices

(updated May 2, 2002)



Source: Closing quote as reported by Reuters News Service



Crude Oil and Oil Products Price Table

| Date | WTI Crude Oil | | Gasoline | | Heating Oil | | Kerojet | Propane | | EIA Weekly Retail | |
|-----------|---------------|---------|------------------|---------|------------------|---------|---------|------------------|--------|-------------------|--------|
| | Spot | Futures | Spot | Futures | Spot | Futures | Spot | Spot | Spot | US Average | |
| | Cushing | | NYH | | NYH | | NYH | Mt. Belvieu | Conway | Gasoline | Diesel |
| | \$/bbl | \$/bbl | cents per gallon | | cents per gallon | | c/gal | cents per gallon | | cents per gallon | |
| 3/14/2002 | \$24.48 | \$24.56 | 71.85 | 79.95 | 63.73 | 65.70 | 65.18 | 37.88 | 34.88 | 128.8 | 125.1 |
| 3/15/2002 | \$24.47 | \$24.51 | 72.63 | 80.90 | 64.28 | 64.76 | 65.73 | 38.26 | 35.32 | | |
| 3/18/2002 | \$25.03 | \$25.11 | 75.28 | 83.36 | 66.00 | 66.48 | 67.40 | 38.07 | 35.75 | | |
| 3/19/2002 | \$25.02 | \$24.88 | 74.23 | 83.16 | 66.20 | 66.12 | 67.30 | 39.63 | 37.13 | | |
| 3/20/2002 | \$24.92 | \$24.90 | 72.30 | 81.92 | 65.60 | 66.57 | 66.60 | 39.82 | 37.57 | | |
| 3/21/2002 | \$25.74 | \$25.61 | 73.88 | 82.93 | 66.80 | 67.14 | 67.80 | 38.69 | 37.00 | 134.2 | 128.1 |
| 3/22/2002 | \$25.56 | \$25.35 | 70.82 | 80.08 | 64.83 | 65.27 | 65.45 | 39.69 | 38.25 | | |
| 3/25/2002 | \$25.69 | \$24.99 | 69.55 | 78.81 | 63.60 | 64.16 | 64.60 | 39.00 | 37.75 | | |
| 3/26/2002 | \$25.75 | \$25.36 | 70.81 | 80.08 | 65.23 | 65.68 | 66.26 | 39.75 | 38.25 | | |
| 3/27/2002 | \$25.79 | \$25.87 | 74.55 | 82.05 | 66.40 | 66.72 | 67.80 | 40.50 | 39.63 | | |
| 3/28/2002 | \$26.21 | \$26.31 | 74.88 | 82.49 | 67.05 | 66.89 | 67.95 | 40.63 | 41.00 | 137.1 | 129.5 |
| 3/29/2002 | NA | NA | NA | NA | NA | NA | NA | NA | NA | | |
| 4/1/2002 | \$26.82 | \$26.88 | 78.25 | 84.90 | 68.40 | 68.69 | 68.05 | 42.38 | 41.88 | | |
| 4/2/2002 | \$27.75 | \$27.71 | 80.15 | 86.98 | 70.65 | 70.95 | 72.75 | 44.82 | 44.63 | | |
| 4/3/2002 | \$27.55 | \$27.56 | 76.35 | 84.84 | 70.40 | 70.83 | 72.50 | 44.38 | 44.25 | | |
| 4/4/2002 | \$26.64 | \$26.58 | 74.75 | 82.33 | 68.40 | 68.66 | 70.50 | 44.01 | 44.50 | 141.3 | 132.3 |
| 4/5/2002 | \$26.21 | \$26.21 | 73.70 | 81.70 | 68.15 | 68.22 | 70.05 | 43.00 | 42.19 | | |
| 4/8/2002 | \$26.16 | \$26.54 | 77.57 | 84.19 | 69.57 | 69.30 | 71.20 | 43.82 | 42.94 | | |
| 4/9/2002 | \$25.45 | \$25.82 | 75.13 | 83.39 | 66.80 | 67.80 | 68.50 | 41.19 | 40.13 | | |
| 4/10/2002 | \$26.15 | \$26.13 | 76.00 | 83.44 | 67.35 | 67.84 | 68.98 | 41.00 | 40.13 | | |
| 4/11/2002 | \$24.93 | \$24.99 | 72.53 | 78.87 | 64.73 | 64.71 | 66.50 | 39.00 | 37.69 | 140.4 | 132.0 |
| 4/12/2002 | \$23.51 | \$23.47 | 66.48 | 72.96 | 60.03 | 60.05 | 61.93 | 38.07 | 36.63 | | |
| 4/15/2002 | \$24.53 | \$24.57 | 73.00 | 78.63 | 63.07 | 63.34 | 65.09 | 39.50 | 38.00 | | |
| 4/16/2002 | \$24.92 | \$24.75 | 74.73 | 79.29 | 64.23 | 63.78 | 66.25 | 39.50 | 38.00 | | |
| 4/17/2002 | \$25.94 | \$25.94 | 74.70 | 80.77 | 65.10 | 65.40 | 67.25 | 40.25 | 38.75 | | |
| 4/18/2002 | \$25.86 | \$26.18 | 74.57 | 81.13 | 65.30 | 65.58 | 67.25 | 41.13 | 39.13 | 140.4 | 130.4 |
| 4/19/2002 | \$26.43 | \$26.38 | 73.95 | 80.40 | 65.65 | 65.91 | 67.75 | 40.38 | 37.88 | | |
| 4/22/2002 | \$26.28 | \$26.27 | 72.82 | 79.02 | 65.55 | 65.81 | 67.65 | 41.00 | 38.50 | | |
| 4/23/2002 | \$26.28 | \$26.62 | 74.11 | 80.16 | 66.40 | 66.53 | 69.07 | 41.69 | 39.32 | | |
| 4/24/2002 | \$26.28 | \$26.38 | 71.89 | 78.76 | 66.10 | 66.12 | 68.28 | 41.13 | 39.19 | | |
| 4/25/2002 | \$26.36 | \$26.73 | 72.50 | 79.37 | 66.70 | 67.20 | 69.10 | 41.50 | 39.69 | 139.3 | 130.2 |
| 4/26/2002 | \$27.12 | \$27.11 | 74.00 | 81.39 | 67.60 | 67.90 | 70.00 | 40.69 | 39.25 | | |
| 4/29/2002 | \$27.45 | \$27.57 | 74.95 | 83.36 | 68.95 | 69.20 | 71.20 | 41.57 | 39.25 | | |
| 4/30/2002 | \$27.32 | \$27.29 | 74.93 | 82.30 | 68.65 | 68.90 | 70.90 | 42.00 | 39.88 | | |
| 5/1/2002 | \$26.58 | \$26.75 | 72.75 | 80.48 | 67.33 | 67.42 | 69.65 | 41.63 | 39.51 | | |

Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

Latest U.S. Weekly EIA Petroleum Information

(updated May 1, 2002)

Bulls vs. Bears

Following the breakneck 5.8% growth rate (measured as Gross Domestic Product or GDP) registered for the U.S. economy during the first quarter 2002, some economists are now suggesting more moderate growth in the range of 3% to 3.5% during the second quarter, and perhaps for the remainder of the year. How will these projections bode for U.S. petroleum markets in the months ahead? Taking either a bullish or bearish position with respect to the level of GDP growth may only determine the speed at which oil markets will tighten up. Even with this week's increase in crude oil inventories, it does appear inevitable that, in the near future, crude oil inventories will fall. As a result, diminishing crude oil supplies may have the effect of causing added tightness in gasoline, and possibly jet fuel markets in the run-up to the summer travel season. .

The unexpectedly large jump in economic activity during the first quarter of 2002, when combined with the modest 1.7% rebound in GDP during the fourth quarter of 2001, now strongly confirms the view held here that seemingly weak U.S. oil demand levels apparent over the winter now ended were not structurally rooted. Most, if not all, of the deficit seen in monthly comparisons with last year now can be attributed to short-term factors, all but dissipated - near record warm weather, dramatically lower natural gas prices, and September 11's impact jet fuel demand. Should economic growth continue to run at 3% or higher (which seems plausible, even over the second quarter of 2002, since continued slowing in de-stocking in the business sector is anticipated), the masking effect of these factors will be evident all too soon in solid petroleum demand growth rates and inventory declines.

Indeed, largely unaffected by these special factors, demand for finished motor gasoline set a first quarter record, averaging 8.4 million barrels per day, 2.3% higher than first quarter 2001. Demand for jet fuel, although trailing more than 10% below the same first quarter period last year, continues to rebound from the effects of the September 11 terror attacks. For example, over the most recent four-week period, jet fuel demand is just 1.4 percent less than during the same period last year, while motor gasoline has shown a growth rate of 2.7% over this period. Again, if demand for these fuels remains strong, crude oil and petroleum product inventories would be expected to trend lower over the next few months. While an inventory cushion currently exists for motor gasoline, jet

fuel inventories remain close to year-ago levels. For the week ending April 26, inventories of motor gasoline stood at 211.9 million barrels, more than 12 million barrels above year-ago levels. Inventories of jet fuel totaled 39.7 million barrels during this same period, 0.8 million barrels below the prior year level.

U.S. reported commercial crude oil inventories surprised analysts by increasing 4.6 million barrels last week. Although a small rise in crude oil imports explains some of the gain, the additional increase in reported inventories is in the nature of weekly data. Sometimes changes in reported inventories lag changes in imports, as the timing of imports is critical with weekly data. Nevertheless, despite this increase, commercial crude oil inventories remain less than 4 million barrels above the level at the same time last year. Moreover, crude oil imports over the last four weeks have averaged 8.9 million barrels per day, down about 9% from the same period last year. If product demand continues to remain relatively strong for gasoline in particular, the current inventory cushion will be needed to supply the market temporarily. However, once this cushion is reduced, refiners will need to increase production, putting added pressure on crude oil inventories.

Retail Gasoline Takes a Slide

The retail price for regular motor gasoline fell this week, losing 1.1 cents per gallon to end at 139.3 cents per gallon. This price is 23.3 cents per gallon lower than last year. Prices have been flat or falling for the past three weeks. Prices were down throughout the country, except for in the Rocky Mountains, which saw an increase of 0.8 cents per gallon. The largest price decrease occurred in the Midwest, where prices dropped 2.4 cents per gallon. Gasoline inventories rose last week, remaining 6.2% above last year's level and 2.3% above the 5-year average. Total gasoline imports were up last week, at a level 23.3% higher than this time last year. However, continuing daily conflicts in the Middle East and OPEC's reluctance to raise its production quota have the potential to disrupt crude oil and product markets.

Retail diesel fuel prices fell for a third straight week by 0.2 cents per gallon, to a national average of 130.2 cents per gallon as of April 29.

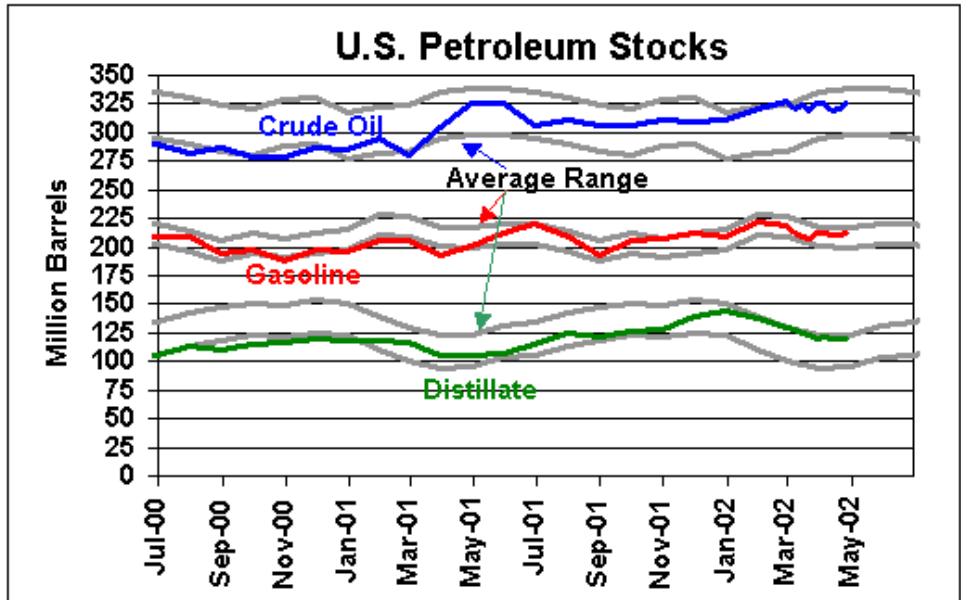
Total Gasoline Imports Reach Record Levels

Total gasoline imports (including blending components) averaged nearly 1.1 million barrels per day for the week ending April 26, which is more than 100,000 barrels per day higher than the previous record set during the week ending September 28, 2001. Even with this record level of imports, gasoline inventories only increased by 1.3 million barrels. If imports had been just 200,000 barrels per day less (which still would have represented a high level), gasoline inventories would have been drawn down slightly.

U.S. Petroleum Supply

| (Thousand Barrels per Day) | Four Weeks Ending | | vs. Year Ago | |
|-----------------------------------|-------------------|-----------|--------------|---------|
| | 4/26/2002 | 4/26/2001 | Diff. | % Diff. |
| Refinery Activity | | | | |
| Crude Oil Input | 15,140 | 15,441 | -301 | -1.9% |
| Operable Capacity | 16,800 | 16,636 | 164 | 1.0% |
| Operable Capacity Utilization (%) | 89.9% | 94.2% | -4.3% | |
| Production | | | | |
| Motor Gasoline | 8,408 | 8,395 | 13 | 0.2% |
| Jet Fuel | 1,497 | 1,543 | -46 | -3.0% |
| Distillate Fuel Oil | 3,628 | 3,633 | -5 | -0.1% |
| Imports | | | | |
| Crude Oil (incl. SPR) | 8,914 | 9,785 | -871 | -8.9% |
| Motor Gasoline | 885 | 760 | 125 | 16.5% |
| Jet Fuel | 123 | 152 | -29 | -19.2% |
| Distillate Fuel Oil | 196 | 306 | -110 | -36.0% |
| Total | 11,293 | 12,271 | -978 | -8.0% |
| Exports | | | | |
| Crude Oil | 33 | 8 | 25 | 291.5% |
| Products | 938 | 941 | -3 | -0.3% |
| Total | 971 | 950 | 21 | 2.2% |
| Products Supplied | | | | |
| Motor Gasoline | 8,772 | 8,539 | 233 | 2.7% |
| Jet Fuel | 1,633 | 1,656 | -23 | -1.4% |
| Distillate Fuel Oil | 3,656 | 3,845 | -189 | -4.9% |
| Total | 19,467 | 19,623 | -156 | -0.8% |
| Stocks (Million Barrels) | | | | |
| | 4/26/2002 | 4/26/2001 | Diff. | % Diff. |
| Crude Oil (excl. SPR) | 325.5 | 321.9 | 3.6 | 1.1% |
| Motor Gasoline | 211.9 | 199.6 | 12.3 | 6.2% |
| Jet Fuel | 39.7 | 40.5 | -0.8 | -2.0% |
| Distillate Fuel Oil | 120.2 | 105.0 | 15.2 | 14.5% |

| | | | | |
|---------------------|---------|-------|------|-------|
| Jet Fuel | 39.7 | 40.5 | -0.8 | -2.0% |
| Distillate Fuel Oil | 120.2 | 105.0 | 15.2 | 14.5% |
| Total (excl. SPR) | 1,004.3 | 968.1 | 36.2 | 3.7% |



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly

World Oil Market Highlights
(updated April 30, 2002)

According to second quarter 2002 estimates, the world holds about 7 million barrels per day of excess oil production capacity outside of Iraq, over 90% of which lies in OPEC countries.

| Major Sources of U.S. Petroleum Imports, 2001* | | | |
|--|-------------------|-------------------|---------------------------|
| (all volumes in million barrels per day) | | | |
| | Total Oil Imports | Crude Oil Imports | Petroleum Product Imports |
| Canada | 1.79 | 1.32 | 0.47 |
| Saudi Arabia | 1.66 | 1.61 | 0.05 |
| Venezuela | 1.54 | 1.28 | 0.26 |
| Mexico | 1.42 | 1.38 | 0.04 |
| Nigeria | 0.86 | 0.81 | 0.04 |
| Iraq | 0.78 | 0.78 | 0.00 |
| Norway | 0.33 | 0.27 | 0.06 |
| Angola | 0.32 | 0.31 | 0.07 |
| United Kingdom | 0.31 | 0.23 | 0.08 |
| Total Imports | 11.62 | 9.15 | 2.47 |

* Table includes all countries from which the U.S. imported more than 300,000 barrels per day in 2001.

| Top World Oil Net Exporters, 2001* | | |
|------------------------------------|--------------|---------------------------------------|
| | Country | Net Exports (million barrels per day) |
| 1) | Saudi Arabia | 7.38 |

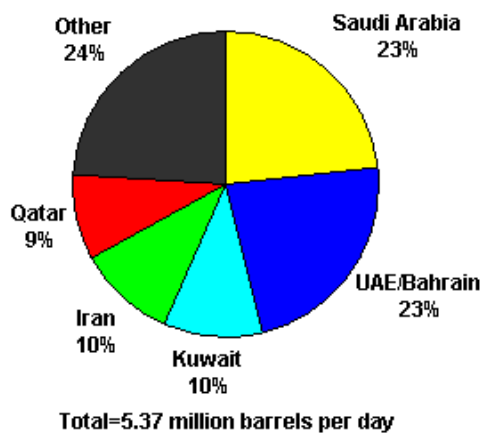
| | | |
|-----|----------------------|------|
| 2) | Russia | 4.76 |
| 3) | Norway | 3.22 |
| 4) | Iran | 2.74 |
| 5) | Venezuela | 2.60 |
| 6) | United Arab Emirates | 2.09 |
| 7) | Nigeria | 2.00 |
| 8) | Iraq | 2.00 |
| 9) | Kuwait | 1.80 |
| 10) | Mexico | 1.65 |
| 11) | Libya | 1.24 |
| 12) | Algeria | 1.24 |

**Table includes all countries with net exports exceeding 1 million barrels per day in 2001.*

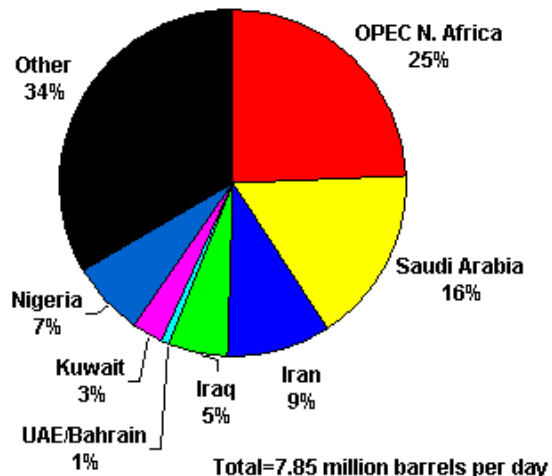
During 2001, about 48% of U.S. crude oil imports came from the Western Hemisphere (19% from South America, 15% from Mexico, 14% from Canada), while 30% came from the Persian Gulf region (18% from Saudi Arabia, 9% from Iraq, 3% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During 2001, about 35% of OECD Europe's net oil imports came from the Persian Gulf (mainly Saudi Arabia, Iran, Iraq, and Kuwait), around one-third from Africa (mainly Libya, Algeria, and Nigeria), and much of the remainder from Russia. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

Japanese Net Oil Imports by Country, 2001



OECD European Net Oil Imports by Country, 2001



Latest U.S. Weekly Natural Gas Information

(updated May 2, 2002)

Industry/Market Developments

EIA Weekly Storage Data Series: EIA released the report [Methodology for EIA Weekly Underground Natural Gas Storage Estimates](#) on Wednesday, May 1, which discusses the methods and procedures that will be used by EIA to prepare weekly estimates of working gas in storage. The paper describes the new weekly survey form (EIA-912) and survey processing procedures, the methodology for sample selection and estimation, and procedures relating to revisions and data security. General information on the weekly storage survey, including weekly release time, a sample of the presentation format, and EIA's policy on the use of automated retrieval programs (or robots) against the EIA web site, is available at <http://tonto.eia.doe.gov/oog/info/ngs/information.html>. A second paper, comparing the AGA and EIA surveys and methods, will be available through this web site on May 9, 2002.

Storage:

Net injections of working gas into storage were 38 Bcf for the week ended April 26, according to American Gas Association (AGA) estimates. This is 17% less than the 5-year (1997-2001) average of 46 Bcf for this week. Net injections in the East and West regions were 63% and 44% lower, respectively, than their 5-

year averages. However, total stocks as of April 26 were nearly 39% greater than the 5-year average, an EIA-estimated 1,675 Bcf.

| All Volumes in Bcf | Current Stocks (Fri, 4/26) | Estimated Prior 5-Year (1997-2001) Average | Percent Difference from 5 Year Average | Net Change from Last Week | One-Week Prior Stocks (Fri, 4/19)* |
|--------------------|-------------------------------|---|---|------------------------------------|--|
| East Region | 808 | 615 | 31.4% | 9 | 799 |
| West Region | 276 | 184 | 50.5% | 13 | 263 |
| Producing Region | 591 | 409 | 44.3% | 16 | 575 |
| Total Lower 48 | 1,675 | 1,208 | 38.7% | 38 | 1,637 |

Note: Net change data are estimates published by AGA on Wednesday of each week.

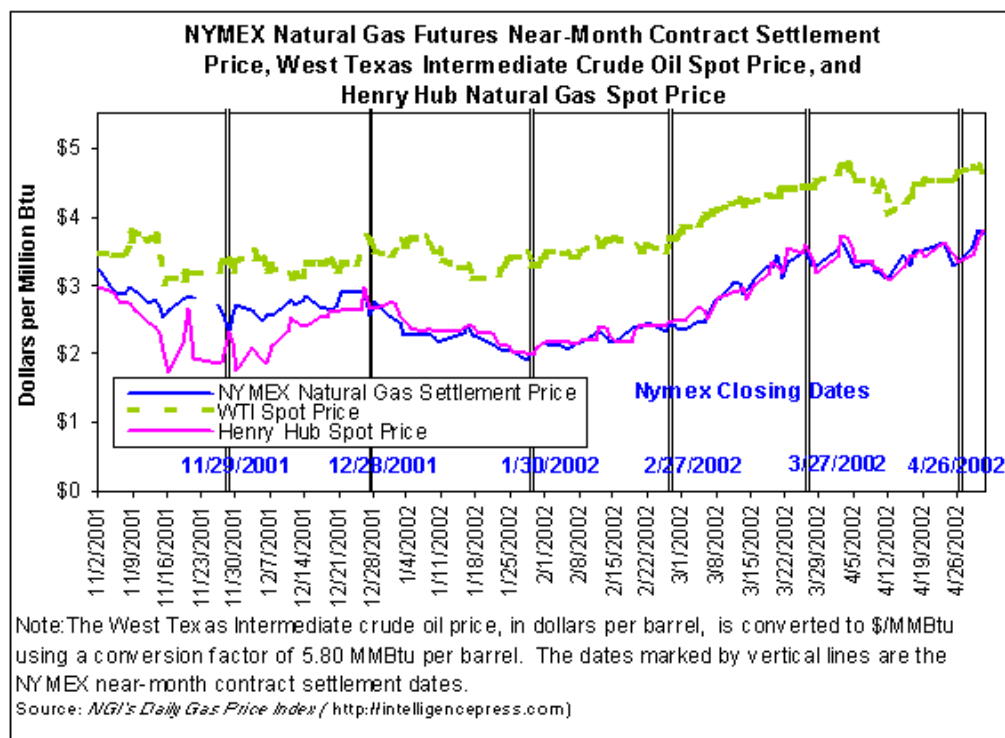
All stock-level figures are EIA estimates based on EIA monthly survey data and weekly AGA net-change estimates. Column sums may differ from Totals because of independent rounding.

**Revised to incorporate EIA survey data for February 2002.*

Prices

Spot prices moved up for a third consecutive day as most market locations recorded gains of 3 to 15 cents per MMBtu. At the Henry Hub, the average spot price gained \$0.14 per MMBtu to \$3.79 per MMBtu. Increases of 5 to 13 cents per MMBtu at market locations for Northeast delivery brought prices at most of these locations above \$4 per MMBtu. The major exception to yesterday's (Wednesday, May 1) upward movement was in the Rocky Mountains region, where the majority of market locations showed declines ranging from a nickel to as much as 29 cents per MMBtu. The Florida Gas Transmission (FGT) citygate price continued to lead the nation, as yesterday's gain of \$0.65 per MMBtu, spurred by continuing high temperatures that caused an extension to FGT's Overage Alert Day notice, raised it to \$5.35 per MMBtu.

On the NYMEX futures market, the near-month (June delivery) contract declined slightly, falling 6 cents per MMBtu to settle at \$3.735 per MMBtu. As of the market's close yesterday, the highest priced gas through the next heating season was for January 2003 delivery, at \$4.297 per MMBtu. Futures contracts for delivery in all months of the next heating season (November 2002 through March 2003) settled above \$4 per MMBtu for the first time this year.



| <i>All prices in \$ per MMBtu</i> | California Composite Average Price* | Henry Hub | New York City | Chicago | NYMEX futures contract- May delivery | NYMEX futures contract- June delivery | NYMEX futures contract- July delivery |
|---------------------------------------|--|--------------|------------------|---------|--|---|---|
| 4/4/2002 | 3.45 | 3.56 | 4.08 | 3.61 | 3.333 | 3.371 | 3.409 |
| 4/5/2002 | 3.14 | 3.31 | 3.80 | 3.34 | 3.275 | 3.313 | 3.357 |
| 4/8/2002 | 3.23 | 3.36 | 3.72 | 3.40 | 3.327 | 3.365 | 3.410 |
| 4/9/2002 | 3.14 | 3.25 | 3.59 | 3.28 | 3.201 | 3.240 | 3.283 |
| 4/10/2002 | 3.15 | 3.25 | 3.59 | 3.28 | 3.184 | 3.223 | 3.264 |
| 4/11/2002 | 3.04 | 3.14 | 3.56 | 3.17 | 3.103 | 3.141 | 3.181 |
| 4/12/2002 | 2.68 | 3.08 | 3.35 | 3.09 | 3.125 | 3.163 | 3.205 |
| 4/15/2002 | 3.11 | 3.27 | 3.74 | 3.30 | 3.430 | 3.465 | 3.500 |
| 4/16/2002 | 3.31 | 3.43 | 3.88 | 3.44 | 3.294 | 3.329 | 3.367 |
| 4/17/2002 | 3.23 | 3.40 | 3.76 | 3.38 | 3.477 | 3.511 | 3.546 |
| 4/18/2002 | 3.31 | 3.51 | 3.81 | 3.50 | 3.485 | 3.523 | 3.558 |
| 4/19/2002 | 3.01 | 3.40 | 3.68 | 3.41 | 3.527 | 3.562 | 3.595 |
| 4/22/2002 | 3.32 | 3.58 | 3.97 | 3.59 | 3.596 | 3.616 | 3.646 |
| 4/23/2002 | 3.31 | 3.63 | 3.97 | 3.64 | 3.591 | 3.615 | 3.645 |
| 4/24/2002 | 3.14 | 3.53 | 3.85 | 3.55 | 3.419 | 3.431 | 3.465 |
| 4/25/2002 | 3.14 | 3.47 | 3.81 | 3.49 | 3.295 | 3.306 | 3.341 |
| 4/26/2002 | 2.70 | 3.32 | 3.66 | 3.33 | 3.319 | 3.372 | 3.407 |
| 4/29/2002 | 3.14 | 3.44 | 3.79 | 3.48 | expired | 3.561 | 3.589 |
| 4/30/2002 | 3.27 | 3.65 | 3.95 | 3.67 | expired | 3.795 | 3.823 |
| 5/1/2002 | 3.32 | 3.79 | 4.06 | 3.81 | expired | 3.735 | 3.767 |

* Average of NGI's reported average prices for: Malin, PG&E citygate, and Southern California Border Average.

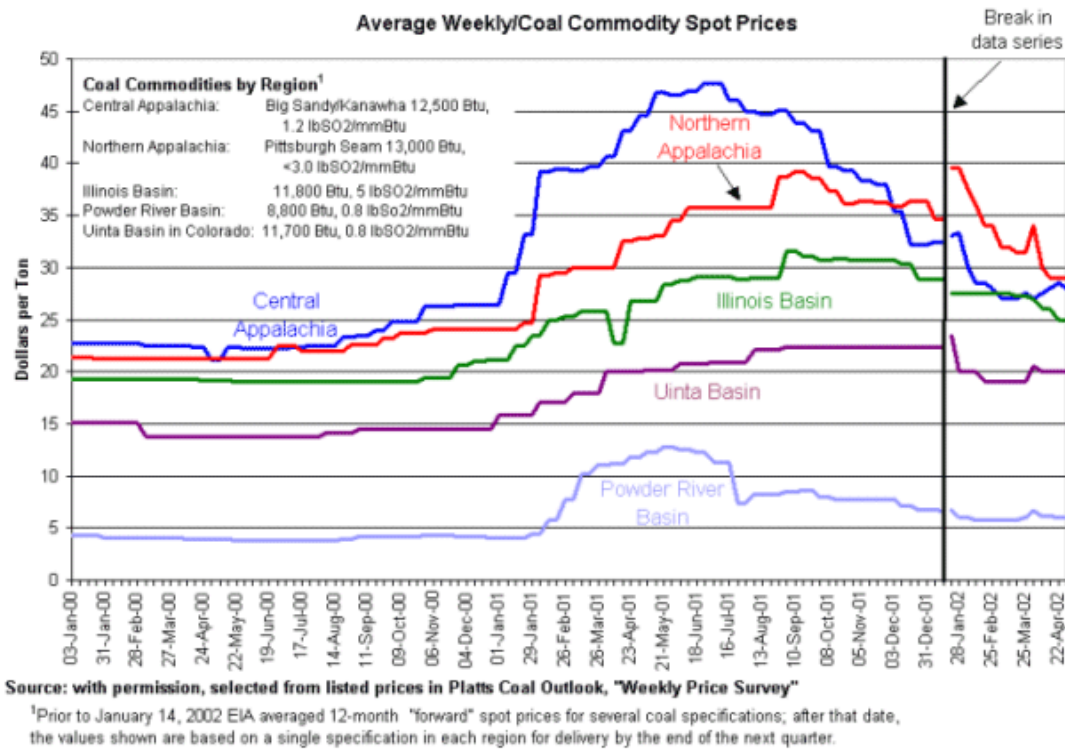
Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

Latest U.S. Coal Information

(updated May 2, 2002)

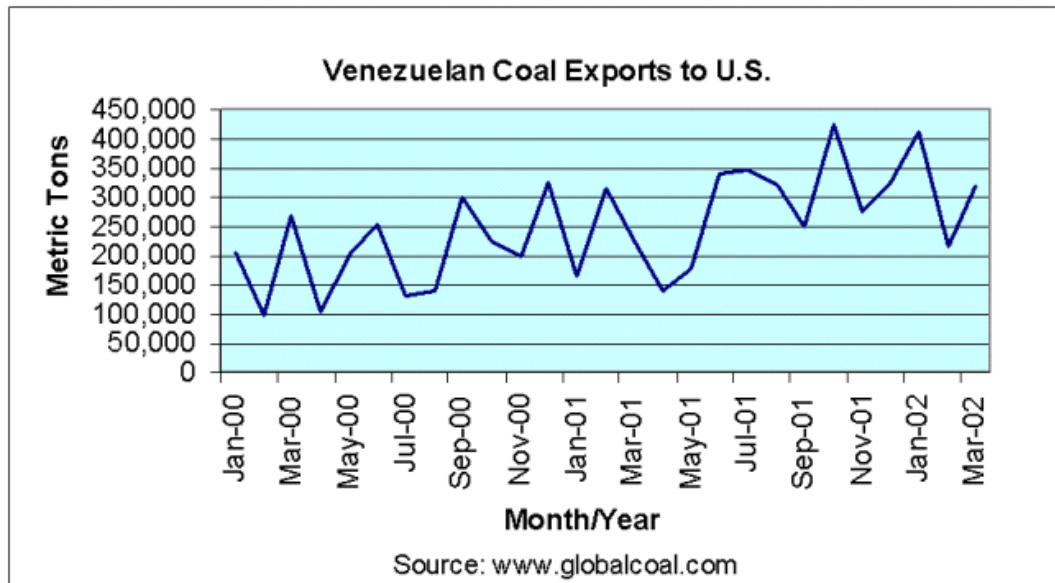
U.S. coal supplies are more than adequate for anticipated needs. For the week ending April 27, EIA estimates U.S. [coal production](#) at 20.2 million short tons (mst). This was 7% lower than in the comparable week in 2001. Year-to-date as of April 27, rail car loadings of coal and national coal production have fallen by 4.5% and 5.3%, respectively, compared to their levels a year ago. Year-to-date, western U.S. coal production is 1.4% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 9.5% below last year's level. The estimated production for the first quarter of 2002 was 268.8 mst. Restrained production at this time accommodates higher-than-usual coal stockpiles at consuming facilities, coinciding with the spring period of low seasonal demand.

While crude oil prices have fluctuated, mostly upward, in recent weeks, U.S. coal prices have either fallen or held relatively steady. Although price criteria changed since last summer, Illinois, Uinta, and Powder River Basin coals are continuing the level-to-slowly-declining price profiles established with the 2001 spot data. Since summer 2001 peaks, Central and Northern Appalachian coal prices have fallen significantly (by about \$20.00 and 10.00 per short ton, respectively). The latest prices, \$28.00 per short ton for Central Appalachian and \$29.00 per short ton for Northern Appalachian coal, are 26% and 36% above prices in the summer of 2000, prior to escalation. Spot prices currently indexed are running about 25% and 40% above the summer 2000 baseline, respectively, for Central and Northern Appalachia, and about 10% for the Uinta Basin, 20% for the Illinois Basin, and 50% for the Powder River Basin, above summer 2000 levels. In the latest week, coal prices either did not change or moved down by small percentages. Uncertainty over the course of events in the Middle East continues to add a security margin to other energy prices. Although NYMEX trade volumes are nominal and erratic, the trend since mid-November 2001 has been toward lower prices, with a leveling off of prices since early February 2002.



Principals from the over-the-counter (OTC) markets say the wide volatility of coal prices during the past 2 years indicates the need for a "more mature" OTC trading market, according to Platts Coal Trader, April 23, 2002. The prices tracked in the Average Weekly Coal Commodity Spot Prices (above) are estimated from near-term OTC spot prices, for delivery by the end of the coming quarter, or generally within 30 to 120 days.

Although the United States can produce sufficient coal for domestic needs, 12.5 mst were imported in 2000, about 1% of consumption. A few electric power generators situated near the Atlantic and Gulf coasts purchase imported coal because their location allows them to cash in on low mine-level prices and ocean shipping rates and because the imported coals are low in sulfur, with high heat content. In 2000, 2.0 mst of coal was imported from Venezuela. If disruptions of these coal shipments were to occur, the national impact would be insignificant.



A March 28 ruling by U.S. District Judge James Robertson, of the federal district court in Washington, DC, would restrict underground coal mining under national parks, inhabited residences, and other protected areas. The court ruled in favor of the Citizens Coal Council, an environmental advocacy group, in its suit challenging the way the Department of the Interior has allowed permitting of underground coal mining that may cause ground subsidence in specified protected areas. The effect of this ruling would negate permitting practices that have been followed, but challenged, almost since the initiation of the Surface Mining Control and Reclamation Act of 1977. The National Mining Association, which along with Gale Norton, Secretary of the Interior, is one of the Defendants, claims that the ruling ignores long-standing interpretation of the 1977 statute and would devastate eastern U.S. coal production. It pledges to appeal the ruling.

In the long term, however, EIA expects domestic coal supplies to be more than adequate for projected consumption. Most coal is still sold under multi-year contracts, and average prices for all coal supply contracts, incorporating spot and long-term, are projected to stabilize at well below current spot prices. EIA's projections of average coal prices decline slightly in inflation-adjusted dollars because nominal prices rise more slowly than the rate of inflation between 2000 and 2020.

Latest U.S. Electricity Information

(updated May 2, 2002)

Selected Wholesale Electricity Prices (April 25 – May 01): Western U.S. wholesale prices increased Wednesday as available generating capacity decreased and natural gas prices increased. Prices at the California-Oregon Border have increased 10% from \$27.00 per megawatthour on April 30 to \$29.67 per megawatthour on May 1. Palo Verde prices increased from \$27.89 per megawatthour on April 30 to \$30.63 per megawatthour on May 1.

Spot electricity prices across the Northeast U.S. were mostly higher as natural gas prices rose and utility heating demand increased as cooler weather set in across the region. ISO New England's electricity price increased from \$31.50 per megawatthour on April 30 to \$34.80 per megawatthour on May 1. New York electricity prices were relatively stable, decreasing slightly from \$39.98 per megawatthour on April 30 to \$39.32 per megawatthour on May 1. Prices in New York have been higher than other Northeast areas with the scheduled maintenance of a key transmission line in Western New York reduced capacity. The maintenance will last from April 25 to May 10.

Overall the average price at all trading centers increased about 1% over the past week from \$29.88 on April 25 to \$30.31 on May 1.

U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

| Trading Centers | Date | | | | | | | Price Range | | |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 4/25/02 | 4/26/02 | 4/27/02 | 4/28/02 | 4/29/02 | 4/30/02 | 5/1/02 | Max | Min | Average |
| COB | 27.00 | 25.88 | n.q. | n.q. | 24.88 | 27.00 | 29.67 | 29.67 | 24.88 | 27.55 |
| Palo Verde | 32.45 | 26.74 | n.q. | n.q. | 27.01 | 27.89 | 30.63 | 32.45 | 26.74 | 29.39 |
| Mid-Columbia | 22.75 | 20.08 | n.q. | n.q. | 19.85 | 18.67 | 22.11 | 22.75 | 18.67 | 20.65 |
| Mead/Marketplace | 32.14 | 28.19 | n.q. | n.q. | 27.47 | 29.02 | 31.33 | 32.14 | 27.47 | 30.45 |
| 4 Corners | 31.75 | 27.00 | n.q. | n.q. | 26.25 | 26.44 | 29.38 | 31.75 | 26.25 | 28.77 |
| NP 15 | 32.52 | 27.89 | n.q. | n.q. | 27.17 | 29.06 | 32.63 | 32.63 | 27.17 | 30.50 |
| SP 15 | 33.35 | 27.95 | n.q. | n.q. | 27.87 | 29.36 | 32.54 | 33.35 | 27.87 | 30.97 |
| PJM West | 26.98 | 26.66 | n.q. | n.q. | 28.33 | 26.50 | 27.09 | 28.33 | 26.50 | 27.63 |
| ISO New England | 28.46 | 31.03 | 29.55 | 35.22 | 32.90 | 31.50 | 34.80 | 35.22 | 28.46 | 31.12 |
| New York ISO | 36.49 | 34.21 | 31.18 | 29.72 | 41.57 | 39.98 | 39.32 | 41.57 | 29.72 | 35.74 |
| Cinergy | 24.81 | 24.10 | n.q. | n.q. | 24.33 | 22.74 | 23.96 | 24.81 | 22.74 | 24.45 |
| Average Price | 29.88 | 27.25 | 30.37 | 32.47 | 27.97 | 28.02 | 30.31 | 32.47 | 27.25 | 28.84 |

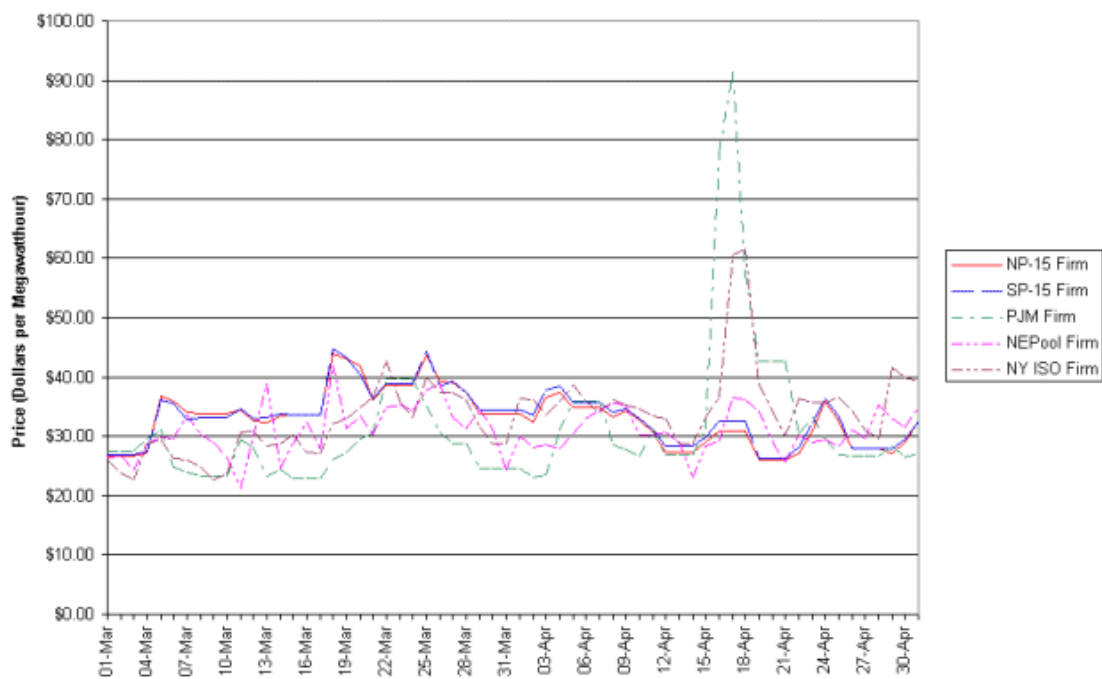
Source: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, and Cinergy trading centers, Used with Permission from Bloomberg L.P., ISO New England (<http://www.iso-ne.com>), and New York ISO (<http://www.nyiso.com>) web pages.

Notes:

n.q. - No quotes available for the day.

COB: Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.
Palo Verde: Average price of electricity traded at Palo Verde and the West Wing, Arizona.
Mid-Columbia: Average price of electricity traded at Mid-Columbia.
Mead/Market Place: Average price of electricity traded at Mead Market Place, McCullough and Eldorado.
Four Corners: Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.
NP-15: Average price of electricity traded at NP-15.
SP-15: Average price of electricity traded at SP-15.
PJM-West: Average price of electricity traded at PJM Western hub.
Nepool: Average price of electricity traded at the New England ISO, formerly Nepool.
New York ISO: Average price of electricity traded at the New York ISO.
Cinergy: Average price of electricity traded into the Cinergy control area.

Average Wholesale Electricity Prices in the U.S.



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